

September 26, 2019

**HONORABLE MAYOR AND CITY COUNCIL:**

I am pleased to present the 2019-2020 Adopted Capital Budget (Budget) and the 2020-2024 Adopted Capital Improvement Program (CIP) for the City of San José. The Budget and CIP presented in this document guide the City in the planning, scheduling, and budgeting of capital improvement projects during the next five-year period. This overview highlights the major capital investments within each of the six City Service Areas (CSAs) and 14 Capital Programs as well as the major issues associated with this CIP.

Guided by the Envision San José 2040 General Plan (General Plan), this CIP focuses on the renovation, renewal, and expansion of critical public assets, ranging from the infrastructure that is integrated into daily life such as roadways and the sewer collection and treatment systems, to parks and sports fields that promote community health, to fire and police facilities that help keep our community safe, and to airport facilities to meet the travel needs of the community and further the City's economic growth. Over a five-year period, the 2020-2024 CIP totals \$4.0 billion, a 19.7% increase over the 2019-2023 Adopted CIP of \$3.3 billion, due in large part to San José residents passing the Measure T – Disaster Preparedness, Public Safety, and Infrastructure Bond. Approved in November 2018, the measure authorized the City to issue up to \$650 million in general obligation bonds for investments in city infrastructure, including upgrades to emergency and disaster response facilities, road reconstruction, flood protection, water quality protection, and improvements to other critical infrastructure. Those priorities are reflected in this CIP, with \$528 million allocated over the next five years.

In addition, this CIP continues to allocate significant resources to upgrade and revitalize the Water Pollution Control Plant (San José-Santa Clara Regional Wastewater Facility); meet growing passenger and activity levels at the Norman Y. Mineta International Airport by investing in airfield and terminal improvements, and increasing parking capacity; invest in the rehabilitation and enhancement of a variety of park assets and recreational facilities; and continue the renovation of the City's outstanding cultural facilities. Grant resources are leveraged to implement projects throughout the CIP, including Airport projects and local multimodal transportation projects.

Reflecting this activity, the City's 2019-2020 Adopted Capital Budget totals \$1.5 billion and the 2020-2024 Adopted CIP totals \$4.0 billion. The 2019-2020 Adopted Capital Budget reflects a 53.9% increase from the 2018-2019 Adopted Capital Budget of \$988.0 million, and from a five-year perspective, the 2020-2024 Adopted CIP is 19.7% higher than the \$3.3 billion 2019-2023 Adopted CIP.

Even with the infusion of bond funding, the City still lacks the resources required to fully maintain and fund its entire infrastructure portfolio. The Status Report on Deferred Infrastructure Maintenance Backlog, accepted by the City Council on March 12, 2019, identifies an infrastructure backlog of approximately \$1.5 billion, with an additional \$86.9 million needed annually to maintain the City's infrastructure in a sustained functional condition. Though the ongoing need is less than the \$111.9 million reported last year – and the existing backlog of \$1.5 billion is expected to decrease as Measure T funds are spent – the City must continue to search for additional resources to ensure San José's public assets are appropriately maintained.

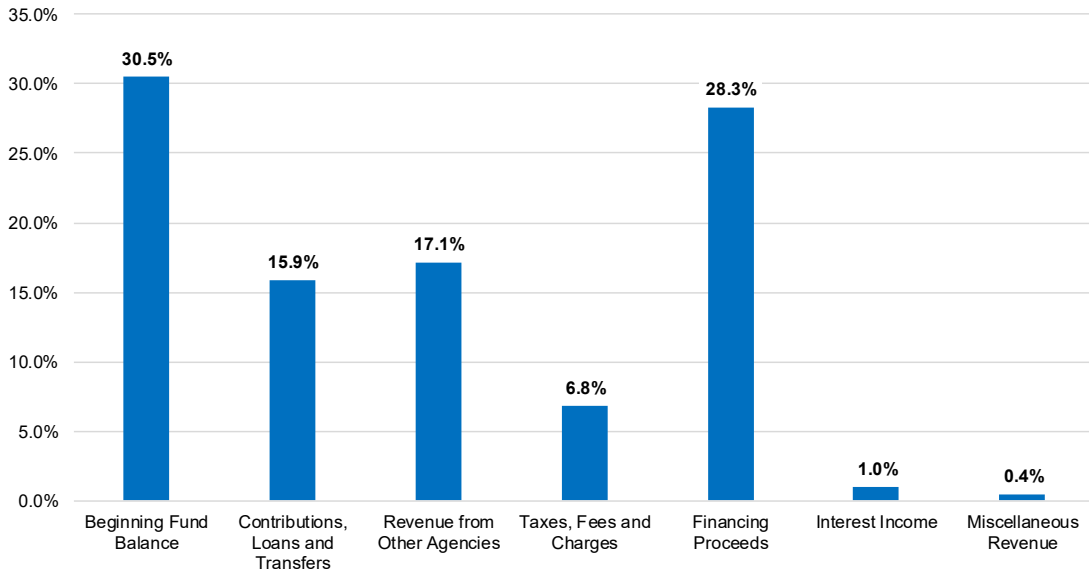
**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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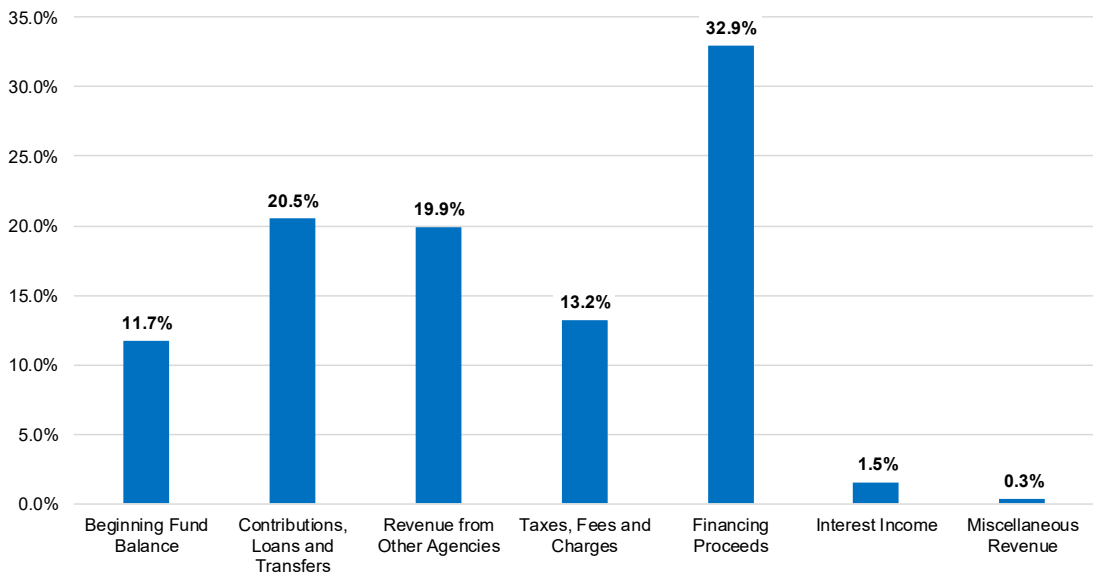
**CAPITAL PROGRAM FUNDING SOURCES**

The Capital Program is supported by a variety of funding sources as shown in the graphs below that depict both the 2019-2020 and five-year CIP funding.

**2019-2020 Adopted Capital Budget  
Source of Funds (\$1.5 billion)**



**2020-2024 Adopted Capital Budget  
Source of Funds (\$4.0 billion)**



## **2019-2020 ADOPTED CAPITAL BUDGET**

### **2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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#### **CAPITAL PROGRAM FUNDING SOURCES**

The 2020-2024 Adopted CIP includes revenues of \$1.3 billion from the issuance of debt. The Water Pollution Control Capital Program accounts for \$725.0 million from both revenue notes (\$340.0 million) and bond proceeds (\$385.0 million) that will be used for the implementation of capital improvement projects recommended by the City Council-approved Plant Master Plan that responds to aging infrastructure, future regulations, population growth, and treatment technology improvements. The Traffic (\$258.0 million), Public Safety (\$175.0 million), Municipal Improvements (\$62.0 million), Storm Sewer (\$60.0 million), and Parks (\$13.0 million) capital programs incorporate the Measure T bond proceeds to be issued throughout the CIP five-year period. The Library (\$5.9 million) and Public Safety (\$3.3 million) capital programs incorporate the final bond issuances for their respective General Obligation Bond programs. Finally, the Parks and Community Facilities Development capital program accounts for \$3.5 million in commercial paper to address remediation projects related to the 2017 flood event.

The Revenue from Other Agencies category totals \$789.4 million and is comprised of contributions from other agencies that use the Water Pollution Control Plant (WPCP) (\$314.8 million) and the Sanitary Sewer System (\$8.9 million); Federal (\$192.5 million) and State (\$143.2 million) grants and allocations; and Revenue from Local Agencies (\$136.9 million) mostly allocated from the Valley Transportation Authority to fund pavement maintenance (\$127.0 million).

Contributions, Loans and Transfers total \$813.1 million. The largest transfers of funds are from the Sewer Service and Use Charge Fund to the Water Pollution Control Capital Program (\$252.3 million) and to the Sanitary Sewer System Capital Program (\$160.0 million). The Transfer from the General Fund totals \$81.2 million.

The 2020-2024 Adopted CIP includes an estimate of \$522.7 million in the Taxes, Fees and Charges category, a 2.7% increase when compared to the estimated level (\$508.8 million) in the 2019-2023 Adopted CIP. Most this revenue is comprised of Construction and Conveyance Tax (\$180.0 million), Airport Passenger Facility Charge proceeds (\$159.9 million), Construction Excise Tax (\$100.0 million), and Building and Structure Construction Tax (\$75.0 million).

The Beginning Fund Balances in the 2020-2024 CIP total \$463.4 million, representing 30.5% of the 2019-2020 Adopted Capital Budget and 11.6% of the 2020-2024 CIP. The Parks and Community Facilities Development Capital Program has a Beginning Fund Balance totaling \$142.0 million, accounting for 30.7% of the total Beginning Fund Balances. The Traffic Capital Program accounts for 24.9% (\$115.2 million) of the Beginning Fund Balances, representing a significant amount of carryover project costs that will be spent over the next five years. The other programs with significant Beginning Fund Balances include Airport (\$42.4 million) and Sanitary Sewer (\$15.5 million) Programs.

A more detailed discussion of revenues can be found in the Summary Information section of this budget document.

**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

**MEASURE T GENERAL OBLIGATION BOND**

In November 2018, San José voters approved Measure T, the Disaster Preparedness, Public Safety, and Infrastructure Bond Measure, which will provide up to \$650 million in General Obligation (GO) bonds for a wide variety of infrastructure needs, with at least \$300 million to be contributed to road rehabilitation. The table below shows the use of \$528 million of Measure T proceeds over the next five years, with the remaining amount for pavement maintenance and parks improvements expected to continue beyond the CIP period.

**Measure T Public Safety and Infrastructure Bond Fund (498)  
(Projected Expenditures in 2020-2024 CIP)**

Program	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	5-Year Total
<b><u>Traffic</u></b>						
Bridges	\$2,000,000	\$8,000,000	\$3,000,000	\$3,000,000	\$4,000,000	\$20,000,000
Pavement Maintenance	37,500,000	37,500,000	37,500,000	37,500,000	37,500,000	187,500,000
LED Streetlight Conversion	5,000,000	6,000,000	2,000,000			13,000,000
<b>Total Traffic</b>	<b>\$44,500,000</b>	<b>\$51,500,000</b>	<b>\$42,500,000</b>	<b>\$40,500,000</b>	<b>\$41,500,000</b>	<b>\$220,500,000</b>
<b><u>Public Safety</u></b>						
Fire Station 37	\$6,180,000	\$500,000				\$6,680,000
Fire Station 8 Relocation	4,500,000	2,000,000	9,600,000	400,000		16,500,000
Fire Station 23 Relocation	4,500,000	2,000,000	9,600,000	400,000		16,500,000
New Fire Station 32	100,000	5,000,000	1,600,000	9,900,000	400,000	17,000,000
New Fire Station 36	100,000	5,000,000	1,600,000	9,900,000	400,000	17,000,000
Emergency Ops Ctr. Relocation	500,000	500,000	1,000,000	9,000,000	500,000	11,500,000
Police Training Ctr. Relocation	30,100,000	1,000,000	13,500,000	400,000		45,000,000
Police Air Support Unit Hangar	500,000	1,000,000	6,500,000	400,000		8,400,000
Program Reserve (Public Safety)	7,320,000		29,100,000			36,420,000
<b>Total Public Safety</b>	<b>\$53,800,000</b>	<b>\$17,000,000</b>	<b>\$72,500,000</b>	<b>\$30,400,000</b>	<b>\$1,300,000</b>	<b>\$175,000,000</b>
<b><u>Storm Sewer</u></b>						
Charcot Pump Station	\$1,600,000	\$6,600,000	\$600,000	\$24,700,000	\$1,500,000	\$35,000,000
Clean Water Projects	1,300,000	8,100,000	14,500,000	900,000	200,000	\$25,000,000
<b>Total Storm Sewer</b>	<b>\$2,900,000</b>	<b>\$14,700,000</b>	<b>\$15,100,000</b>	<b>\$25,600,000</b>	<b>\$1,700,000</b>	<b>\$60,000,000</b>
<b><u>Municipal Improvements</u></b>						
Environmental Protection Projects	\$50,000,000					\$50,000,000
City Facilities LED Lighting	3,000,000	2,000,000	2,000,000			7,000,000
Critical Infrastructure			2,000,000	3,000,000		5,000,000
<b>Total Municipal Improvements</b>	<b>\$53,000,000</b>	<b>\$2,000,000</b>	<b>\$4,000,000</b>	<b>\$3,000,000</b>		<b>\$62,000,000</b>
<b><u>Parks &amp; Community Facilities</u></b>						
Community Centers/Emergency Shelters		\$500,000	\$1,000,000	\$3,500,000	\$5,500,000	\$10,500,000
<b>Total Parks &amp; Community Facilities</b>		<b>\$500,000</b>	<b>\$1,000,000</b>	<b>\$3,500,000</b>	<b>\$5,500,000</b>	<b>\$10,500,000</b>
<b>Total Measure T</b>	<b>\$154,200,000</b>	<b>\$85,700,000</b>	<b>\$135,100,000</b>	<b>\$103,000,000</b>	<b>\$50,000,000</b>	<b>\$528,000,000</b>

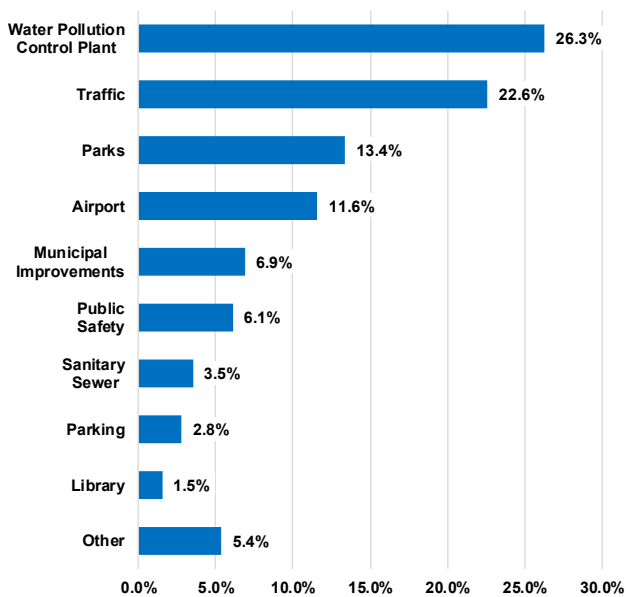
The amounts above reflect the investment levels and categories previously reported to and approved by the City Council. Though the Administration has moved quickly to begin work on the Measure T program, given its early stage of development, the exact cost and phasing of the projects may shift in the coming years. Work in 2019-2020 will focus on ensuring that the right staffing teams are in place to deliver this program, defining and refining project scopes, and acquiring property for sites such as the new and relocated fire stations, the Police Training Center, and open space for flood protection and mitigation. It is important to note that the Public Safety Program Reserve of \$36.4 million includes an upgraded 9-1-1 Call Center and Police Headquarter infrastructure needs, and provides a contingency for other projects. This reserve will be allocated as project scopes are further refined. The 2019-2020 Adopted Operating Budget includes staffing to deliver and coordinate the Measure T program, including direct project design, construction management, and inspection staffing of 21 full-time equivalent positions.

# 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

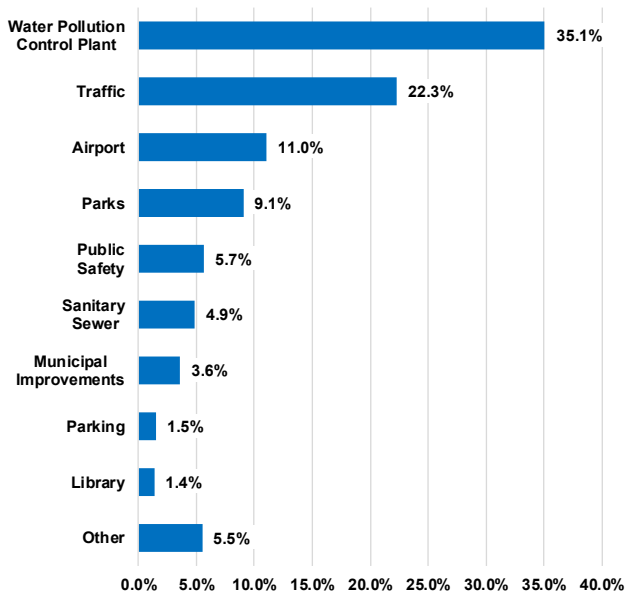
## CAPITAL PROGRAM INVESTMENTS

The CIP consists of 14 capital programs. The following charts depict the uses of funds by capital program and percentage of funding for the 2019-2020 Capital Budget and the 2020-2024 Capital Improvement Program. Major projects to be completed over the next five years are highlighted in the sidebar.

**2019-2020 Capital Budget  
Use of Funds (\$1.5 billion)**



**2020-2024 Capital Improvement Program  
Use of Funds (\$4.0 billion)**



### **Major Projects to be Completed Over the Next Five Years**

#### **2019-2020 Projects**

- Alviso Pump Station
- Arcadia Softball Facility
- Environmental Protection Projects
- Bridges (FY20-FY24)
- Street Repairs (FY20-FY24)
- Aircraft Rescue and Fire Fighting Facility
- Terminal A Baggage Claim Carousels
- PAB/PAC Phase I Elevator Modernization
- Tech Museum Improvements and Repairs
- 2017 Flood Event Projects
- Rotary Playgarden Phase II

#### **2020-2021 Projects**

- 60-inch Brick Interceptor, Ph. VIA & VIB
- Fire Facilities Remediation
- Terminal Accessibility Upgrades
- Trail: Coyote Creek (Story Rd. to Tully Rd.)
- Emma Prusch All-Inclusive Playground
- Plant: Energy Generation Improvements
- PAL Stadium Turf Replacement

#### **2021-2022 Projects**

- Fire Station 37
- Ramac Park Turf Replacement
- City Facilities LED Lighting
- Technology Dr. Sewer Improvements
- LED Streetlight Conversion

#### **2022-2023 Projects**

- Fire Station 8 Relocation
- Fire Station 23 Relocation
- Police Training Center Relocation
- Police Air Support Unit Hangar
- Plant: Digested Sludge Dewatering Facility
- Plant: New Headworks
- Terminal A Parking Garage Sprinkler System

#### **2023-2024 Projects**

- New Fire Station 32
- New Fire Station 36
- Emergency Operations Center Relocation
- Charcot Pump Station
- Clean Water Projects
- Stockton-Cinnabar & Stockton-Taylor Storm Drain System Improvement

**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

Each of the 14 capital programs is aligned to one of the six City Service Areas (CSAs). The chart below compares the 2019-2023 Adopted CIP with the 2020-2024 Adopted CIP for each CSA. As discussed earlier, the 2020-2024 Adopted CIP is 19.7% higher than the 2019-2023 Adopted CIP.

**2019-2023 Adopted CIP and 2020-2024 Adopted CIP Comparison (By City Service Area)**

<b>City Service Area</b>	<b>2019-2023 Adopted CIP</b>	<b>2020-2024 Adopted CIP</b>	<b>% Change</b>
Community and Economic Development	\$14,141,408	\$17,933,291	26.8%
Environmental and Utility Services	1,648,406,311	1,749,983,976	6.2%
Neighborhood Services	398,453,924	414,693,795	4.1%
Public Safety	51,631,277	224,769,766	335.3%
Transportation and Aviation Services	1,120,446,981	1,381,177,037	23.3%
Strategic Support	80,713,828	178,965,176	121.7%
<b>Total</b>	<b>\$ 3,313,793,729</b>	<b>\$ 3,967,523,041</b>	<b>19.7%</b>

The following discussion of significant issues and projects included in the CIP is presented by CSA. A more detailed description and justification for the capital projects can be found in the Capital Programs by City Service Area (Section V) of the document.

**Community and Economic Development CSA**

The Community and Economic Development CSA includes the Developer Assisted Projects Capital Program.

The Developer Assisted Projects CIP ensures that residential developments within San José include the construction of public improvements necessary to maintain or improve the infrastructure of the City. This capital program is used to facilitate the undergrounding of existing overhead utilities and to reimburse residential developers for the construction of certain street improvements throughout the City. The underground utility projects are prioritized based on several criteria, the most significant of which is the level of fee revenue that has been collected within the Underground District.

The major undergrounding projects in this CIP include:

- White Road (Alum Rock to Rose Ave)
- Delmas Avenue (Santa Clara St. to San Fernando St. to Route 87; Park Ave. to Bird Ave.)
- Monterey Road (Willow St. to Curtner Ave.)

# 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

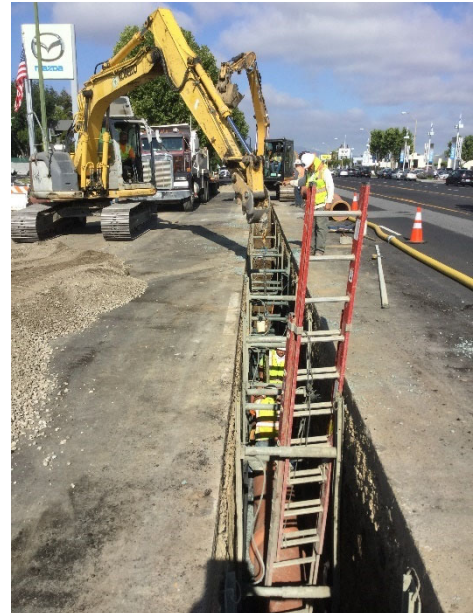
### **Environmental and Utility Services CSA**

The Environmental and Utility Services CSA includes the Sanitary Sewer System, Storm Sewer System, Water Pollution Control, and Water Utility System Capital Programs.

#### ***Sanitary Sewer System Capital Program***

The Sanitary Sewer System consists of approximately 2,030 miles of sewer mains ranging in diameter from six to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José-Santa Clara Water Pollution Control Plant (Plant). The objectives of this capital program are to reduce sanitary sewer overflows (SSOs); enhance sewer capacity to meet economic development; rehabilitate large diameter sanitary sewers; reduce water inflow and infiltration in sanitary sewers; and improve local neighborhood sewers.

As identified in the Status Report on Deferred Maintenance and Infrastructure Backlog accepted by City Council on March 12, 2019, the Sanitary Sewer Collection System has estimated unfunded needs of approximately \$3.6 million per year. With this remaining backlog, the City will continue to evaluate staffing levels and resources and overall strategic capital improvement priorities at both the Plant and the sanitary collection system to address the remaining unfunded needs in the future.



**Stevens Creek  
Sanitary Sewer Replacement**

The Adopted CIP includes a 3.0% rate increase for the Sewer Service and Use Charge (SSUC) Fund in 2019-2020. In the remaining years of the CIP, rate increases are currently projected at 5.0% each year. These increases may be revised based on future assessments of capital and operating needs, changes in project costs, or other unforeseen circumstances.

The major projects in this CIP include:

- Urgent Rehabilitation and Repair Projects
- Condition Assessment Sewer Repairs
- Immediate Replacement and Diversion Projects
- Cast Iron Pipe – Remove and Replace
- Infrastructure – Sanitary Sewer Condition Assessment
- Master Planning Updates
- Preliminary Engineering – Sanitary Sewer
- Flow Monitoring Program (Master Planning)
- Almaden Supplement Sewer Rehabilitation (North)

**2019-2020 ADOPTED CAPITAL BUDGET**  
**2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

***Storm Sewer System Capital Program***

In accordance with the City’s Envision San José 2040 General Plan, the goal of the Storm Sewer System CIP is to reduce the risk of drainage-related surface damage and manage the quality of storm water runoff. The City is responsible for the design, construction, and maintenance of facilities for the conveyance of surface runoff in the City’s Urban Service Area to adjacent stream channels. However, the Santa Clara Valley Water District and the U.S. Army Corps of Engineers are responsible for the design and construction of flood control facilities or the modification and maintenance of stream channels.

Project funding levels in the CIP will not require a Storm Sewer Service Charge rate increase; however, this may change in the out-years based on recommendations from the Storm Sewer Master Plan. The first phase of the Storm Sewer Master Plan, completed in 2017, identified capital costs totaling \$230 million for high priority capacity projects. The Storm Sewer Master Plan will identify and prioritize capital improvements that maximize the efficiency and capacity of the storm drainage system city-wide. The need for a rate increase will be reassessed annually.

The CIP includes projects funded by the Measure T San José Disaster Preparedness, Public Safety and Infrastructure General Obligation Bond, including the Charcot Avenue Pump Station project (\$35.0 million), a stormwater pump station serving 420 acres in North San José, as well as Clean Water Projects (\$25.0 million) to allow stormwater runoff to be treated and filtered before being discharged into local waterways. Provision C.3 (New Development and Redevelopment) of the San Francisco Bay Regional Water Quality Control Board Municipal Regional Permit (MRP) requires development projects to address both soluble and insoluble stormwater runoff pollutant discharges and prevent increases in runoff flows to local water bodies through the implementation of Low Impact Development (LID) techniques, which will be incorporated into the Regional Green Stormwater Infrastructure Projects.

The major projects in this CIP include:

- Measure T – Charcot Avenue Pump Station
- Measure T – Clean Water Projects
- Stockton-Cinnabar and Stockton-Taylor Storm Drain System
- Storm Pump Station Rehabilitation and Replacement
- Storm Sewer Master Plan – City-wide
- Citywide Outfall Improvements
- Storm Sewer Improvements



# 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### *Water Pollution Control Capital Program*

The Water Pollution Control Plant (Plant) is a wastewater treatment facility serving eight South Bay cities and four sanitary sewer districts. Accounting for 35.4% of the 2020-2024 Adopted CIP, the Plant CIP is the largest capital program. A total of \$1.39 billion will be directed to renovate and upgrade the Plant infrastructure to ensure capacity and reliability of treatment plant processes. This work is guided by the Plant Master Plan (PMP) and includes anticipated wastewater revenue note utilization (\$340.0 million) and bond issuances (\$385.0 million) over the next five years. The PMP recommends an estimated investment of approximately \$2.0 billion over a 30-year planning period to implement more than 114 capital improvement projects to perform long-term rehabilitation and modernization and address future regulatory requirements and capacity needs. Priorities for the near-term include obtaining short- and long-term financing for San José, continuing to prioritize and program projects, and managing project risks and variables.



**Aerial View of the San José-Santa Clara  
Regional Wastewater Facility**



**Headworks #1 Bar Screens**

As discussed earlier, the 2020-2024 Adopted CIP includes a 3.0% rate increase for the SSUC Fund for 2019-2020, with rate increases of 5.0% in the out-years. These rates will be reassessed each year based on a detailed implementation plan. The next five to ten years will see significant investment at the Plant based on the PMP, resulting in revitalized infrastructure to meet current and future customer demands, meet future environmental regulatory standards, and reduce odor impacts to the surrounding community.

The major projects in this CIP include:

- New Headworks
- Digested Sludge Dewatering Facility
- East Primary Rehabilitation, Seismic Retrofit, and Odor Control
- Yard Piping and Road Improvements
- Nitrification Clarifier Rehabilitation
- Aeration Tanks and Blower Rehabilitation
- Program Management – Water Pollution Control
- Final Effluent Pump Station & Stormwater Channel Improvement
- Debt Service Repayment for Plant Capital Improvement Projects

**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

***Water Utility System Capital Program***

The San José Municipal Water System provides water service to approximately 118,000 residents via 26,700 service connections in five areas within the City of San José: Alviso, Coyote Valley, Edenvale, Evergreen, and North San José. Projects in this CIP include the construction of new facilities, maintenance of existing infrastructure, and improvements to the Water Utility System facilities. A Water Utility average revenue increase of 6.7% is included in the 2019-2020 Adopted Operating Budget to offset increased operating costs.

To maintain and upgrade the City's Municipal Water distribution system, the Adopted CIP includes funding for the Annual Water Main Replacement project (\$10.6 million), which will prioritize water mains for replacement throughout the service areas by rating pipe segments based on age, adequacy of size and flow, the number of leaks or failures that have occurred, and the difficulty to repair the pipe if it failed considering location and traffic conditions.

Additionally, the North San José and Alviso service areas have experienced some growth in the last several years, and growth is assumed in this CIP. To take advantage of groundwater as the least expensive water supply to meet future demand forecasts, the City continues to work with developers to construct new groundwater wells once viable locations are determined. Increased focus on rehabilitation and construction of groundwater wells will enable the San José Municipal Water System to minimize costs to customers, supply groundwater under emergency situations, and take advantage of indirect potable reuse of purified water when available.

The major projects in this CIP include:

- Annual Water Main Replacement
- Infrastructure Improvements
- System Maintenance/Repairs
- Fowler Pump Station Replacement
- North San José Well #5 Development and Construction
- North San José Reliability Well #6 Construction

# 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### Neighborhood Services CSA

The Neighborhood Services CSA includes the Library and Parks and Community Facilities Development Capital Programs.

#### *Library Capital Program*

The City's library system underwent a major transformation as a result of the November 2000 voter-approved bond measure that approved the issuance of \$212 million in General Obligation bonds to improve the branch library system consistent with the Branch Facilities Master Plan. This bond measure provided funding for the reconstruction or replacement of 14 of the 17 existing branches and the construction of six new branches in under-served neighborhoods. After the completion of the planned bond projects, there is remaining bond funding of to improve the library capital infrastructure. The 2020-2024 CIP includes the final bond issuance in 2019-2020. These proceeds, along with remaining unspent bond funding, will be used to recommend a new suite of bond-eligible projects in a future budget process. The remaining bond funds will be focused on improvements to three of the oldest library branches (Alviso, Biblioteca Latinoamericana, and West Valley).



Aside from the Bond program, the Library CIP receives funding from the Library C&C Tax Fund and the Library Parcel Tax Capital Fund. On June 3, 2014, over 81% of San José voters approved the continuation of the Library Parcel Tax for the next 25 years, beginning in 2015-2016. For 2019-2020, the Library Parcel Tax provides 35% of the \$5.7 million Acquisition of Materials budget and 48% of the \$1.25 million Automation Projects and System Maintenance budget. This funding will continue the replacement of library materials on an annual basis, replacement of public and staff computers, replacement and repair of the Library automated handling and self-checkout machines, and provide the stability needed to position the library system for growth.

The 2020-2024 Adopted CIP includes \$5.27 million for Automation Projects and System Maintenance, which will benefit all service outlets and work units funded by both the Library Construction and Conveyance Tax Fund and the Library Parcel Tax Fund. The Library Department will continue the installation and maintenance of internet and online sources for public use, and additional computer workstations at all facilities. A major project in 2019-2020 is the 4th Street Lawn Replacement project, which replaces the landscaped area that runs along the 4th street perimeter of the Dr. Martin Luther King Jr. Library with paved concrete and four-person picnic tables. This project will also resolve the ongoing water penetration issue from the landscaped area into the lower level of the Dr. Martin Luther King Jr. Library.

# 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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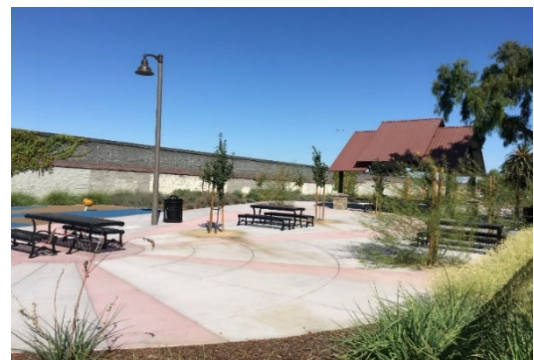
## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### *Parks and Community Facilities Development Capital Program*

The Parks and Community Facilities Development (P&CFD) Capital Program plans for and implements the acquisition, development, and protection of parks, recreation facilities, and open space to maintain a high quality of life in San José. This program provides oversight of the planning and development for approximately 3,533 acres of parks (regional/city-wide and neighborhood/community) and open space in the City's sphere of influence, as well as 11 City-operated community centers. In addition, the City has plans for construction of a trails and greenways system that will provide a 100-mile network of hiking, biking, jogging, and equestrian trails along the Guadalupe River, Coyote Creek, Los Gatos Creek, Penitencia Creek, San Tomas/Saratoga Creek, Thompson Creek, and other major feeder streams. Overall the 2020-2024 CIP allocates \$359.9 million to the P&CFD program, including \$203.2 million in 2019-2020.



A continued focus of this CIP is to complete the capital projects that rehabilitate City parks and recreation facilities damaged by the January and February 2017 flood events. This CIP also incorporates Measure T Disaster Preparedness, Public Safety, and Infrastructure Bond funds to upgrade community centers to support emergency/disaster response. In addition, the CIP includes projects funded by Coleman Property sale proceeds. On March 26, 2019, the City Council approved the Actions Related to the Use of Funds from Sale of the Coleman Avenue Property memorandum and directed the Administration to bring forward an option for using \$15 million of the unrestricted property sale proceeds to help address the unfunded parks maintenance backlog. In the 2019-2020 Adopted Budget, a total General Fund allocation of \$13.5 million from the Coleman property sale proceeds is recommended to address parks infrastructure needs, including \$10.5 million in the Adopted Capital Budget and \$3.0 million in the Adopted Operating Budget. The capital projects primarily focus on infrastructure backlog needs, including sports field turf replacements (\$5.7 million), playground and/or tot lot replacements throughout the City (\$1.65 million), re-use facility improvements (\$1.0 million), regional park improvements (\$500,000), trail improvements (\$550,000), other improvements (\$800,000), and the Parks Rehabilitation and Capital Infrastructure Strike Team (\$350,000). The \$3.0 million in the Adopted Operating Budget includes funding for pest management (\$836,000), reserved funding for the Parks Rehabilitation Strike and Capital Infrastructure Team for 2020-2021 (\$1.5 million) and funding to support the Re-Use Program (\$642,000). The remaining balance of \$1.5 million has been used to address other priority General Fund needs in the 2019-2020 Adopted Budget. Additional funding of \$4.7 million from the Coleman property sale proceeds were transferred to the Parks and Recreation Bond Projects Fund in 2018-2019 to be spent on bond-eligible projects based on an analysis from the City's bond counsel.



**Japanese Friendship Garden**

# 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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## CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

### *Parks and Community Facilities Development Capital Program (Cont'd.)*

Other significant projects in this CIP include:

- North San Pedro Pellier Park
- Emma Prusch All Inclusive Playground
- Rotary Playgarden All Inclusive Playground
- Almaden Lake Park All Inclusive Playground
- Bellevue Park Playground
- Backesto Park Tot and Youth Lots

## **Public Safety CSA**

The Public Safety CSA includes the Public Safety Capital Program.

### *Public Safety Capital Program*

The objective of the Public Safety Capital Program is to provide, maintain, and improve facilities and equipment that support the delivery of effective emergency services to residents and visitors.

The major focus of the Public Safety Capital Program is on delivering projects funded by the Measure T San José Disaster Preparedness, Public Safety and Infrastructure Bond (Measure T). Measure T funding of \$175 million is allocated to various Public Safety projects, including new facilities, relocations of existing facilities, and rehabilitation of aging facilities. An initial issuance of \$70.8 million is programmed in 2019-2020, with the remaining funding of \$104.2 million scheduled for issuance over the 2020-2024 CIP based on the anticipated timing of projects.



Projects scheduled as a result of these new funds include: three new fire stations including the long awaited Fire Station 37 in Willow Glen, as well as Fire Stations 32 and 36 to improved response time; relocations of Fire Stations 8 and 23; a relocated Police Training Center, allowing for the full activation of the South San José Police Substation, as originally intended; relocation of the Police Air Support Hangar to accommodate expansion at the Norman Y. Mineta San José International Airport; and relocation and improvement of the Emergency Operations Center. A small portion of the bond measure funding covers rehabilitation and upgrades within existing public safety facilities.

**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

***Public Safety Capital Program (Cont'd.)***

The remaining funds of \$4.8 million from the Public Safety Bond measure, Measure O (9-1-1, Fire, Police, Paramedic and Neighborhood Security Act) approved by the voters in March 2002, will address critical capital improvement projects at fire stations identified in life cycle and condition assessment reports conducted over the past several years. Rehabilitation and remediation work at Fire Station 30 and Fire Station 3 are anticipated to be completed in 2019-2020. Remediation work for remaining Fire Stations 4 and 9 are programmed for 2019-2020 and 2020-2021. These upgrades will preserve integrity of existing infrastructure and improve working conditions for the staff at these locations.

The 2020-2024 CIP includes \$26.4 million for fire apparatus replacement, of which \$9.8 million is budgeted in 2019-2020 (\$6.3 million from the General Fund, \$3.5 million from the Fire C&C Tax Fund). These funds replace fire engines, aerial ladder trucks, brush patrols, water tenders, and other emergency response apparatus. Scheduled replacements maintain the reliability of the Fire Department's fleet.

The CIP also includes \$1.7 million for personal protective equipment (PPE) replacement. This program is fully funded in 2019-2020, but still requires an additional \$220,000 annually to fund this program ongoing. However, at a minimum, the City will allocate sufficient funding on a year-to-year basis to ensure the PPE needs are met.

The major projects in this CIP include:

- Measure T – Addition of New Fire Stations 37, 32, and 36
- Measure T – Emergency Operations Center
- Fire Apparatus Replacement
- Fire Facilities Remediation
- Measure T – Police Training Center
- Measure T – Police Air Support Hangar
- Personal Protective Equipment
- Measure T – Relocated Fire Stations 8 and 23

# 2019-2020 ADOPTED CAPITAL BUDGET

## 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### Transportation and Aviation Services CSA

The Transportation and Aviation Services CSA includes the Airport, Parking, and Traffic Capital Programs.

#### *Airport Capital Program*

The Airport Master Plan provides the framework for a capital program that will adequately serve aviation demand projected out to the year 2027. Recently completed and in-progress projects such as Terminal B Ramp Rehabilitation, Network Replacement and Interim Terminal Facility along with future projects such as the Airfield Geometric Implementation, Terminal A Ramp Rehabilitation and Aircraft Rescue and Fire Fighting Facility are all examples of the implementation of SJC's strategic priorities and Master Plan.



**Terminal B Ramp Rehabilitation**

Passenger growth at the Mineta San José International Airport (SJC) has reached new record levels, and, as a result, demands on the infrastructure including the airfield and terminals has also grown. The Adopted 2020-2024 CIP contains projects which will optimize both terminal and airfield capacity in response to the growing demands of passengers and airlines. Meeting these demands will not only drive new growth but also provide capital to fund future projects that, in turn, will drive additional growth. The Airport will also look to maximize grant funding opportunities when planning future year projects. Leveraging available federal, state, and local grant funds for eligible projects helps the Airport build and maintain a world-class facility which attracts additional passengers and businesses, helping to mark SJC as the Bay Area's number two airport. It is important that SJC continue to support the airlines and success of the flights by improving safety and security, leveraging technology, maintaining infrastructure, and providing a favorable environment for sustained growth.

Major projects in this CIP include:

- Airfield Geometric Implementation
- Terminal B Ramp Rehabilitation
- Measure T – Aircraft Rescue and Fire Fighting Facility
- Economy Lot 1 Parking Garage
- Terminal A Ramp Rehabilitation

#### *Parking Capital Program*

This CIP was developed with guidance from the Envision San José 2040 General Plan, particularly to provide a well-maintained parking infrastructure with the goal of supporting Downtown as a regional job, entertainment, and cultural destination. The 2020-2024 CIP focuses on projects that will increase the parking supply as well as effectively maintain the City's parking facilities in a safe and operational manner, upgrade the Parking Access Revenue Control System (PARCS) within key garages, support façade and internal aesthetic improvements, upgrade and expand elevator systems, and implement facility security upgrades. Additionally, funding will provide for multi-modal improvement projects in the Greater Downtown, Diridon and Meter District Areas.

**2019-2020 ADOPTED CAPITAL BUDGET**  
**2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

***Parking Capital Program (Cont'd.)***

Projects are funded via transfers from the General Purpose Parking Operating Fund through parking meter and facility revenues which exceed the amounts needed for ongoing operations and maintenance, including the \$14.3 million reimbursement from the Successor Agency to the Redevelopment Agency (“Successor Agency”) programmed in 2019-2020 for prior advances for debt service associated with the 4<sup>th</sup>/San Fernando Streets garage, thereby providing an increased level of investment for the Parking Capital Program. The 2020-2024 Adopted CIP recommends reserving additional funding for future capital projects, investments and improvements to parking, multi-modal transportation, and streetscapes within the SAP Center/Diridon Area (\$4.5 million) and for system-wide parking and transportation related capital development (\$12.1 million).

The major projects in this CIP include:

- Minor Parking Facility Improvements
- Greater Downtown Parking Inventory
- Garage Elevator Upgrades
- Greater Downtown Area Multi-Modal/Streetscape Improvements
- Garage Façade Improvements

***Traffic Capital Program***

The Traffic Capital Program is the second largest program, or 22.3% of this CIP, with a budget of \$883.2 million. The mission of the Traffic Capital Program is to implement a safe, efficient, and environmentally sensitive surface transportation system consistent with the goals and policies of the City’s General Plan. The 2020-2024 Adopted CIP includes continued investment in street and pedestrian safety, pavement maintenance, and traffic management, while also leveraging grant resources to implement local multimodal projects and support the planning and delivery of major regional projects including BART Phase II, High Speed Rail, an expanded and redeveloped Diridon Station, Caltrain Modernization, and Highway Interchanges, as well as fulfilling the transportation-related economic development obligations of the former San José Redevelopment Agency (SJRA). Resources invested in the Traffic CIP also fund staff activities to ensure the projects are planned, funded, and delivered in a way that aligns with the City’s interests.

Passage of the \$650 million Measure T – Disaster Preparedness, Public Safety, and Infrastructure Bond (Measure T Bond) in November 2018 will provide a significant influx of funding for traffic infrastructure. The ballot measure directed at least \$300 million to repave streets in the worst condition, of which \$220.5 million is allocated in this Adopted CIP, with the remaining amount to be allocated outside the five-year horizon. Additional Measure T funding for transportation infrastructure over the next five years includes \$20.0 million to leverage grant funding for the seismic retrofit of bridge overpasses and \$13.0 million for Light Emitting Diode (LED) streetlight conversion.



## 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### *Traffic Capital Program (Cont'd.)*

##### *Pavement Maintenance*

Of the \$883.2 million total Traffic CIP, \$482.4 million (or 55%) is allocated to pavement maintenance and is broken down as follows: \$111.8 million in 2019-2020, \$92.7 million in 2020-2021, 2021-2022, 2022-2023, and 2023-2024.

Sources of funding for pavement maintenance activities include Measure T – Disaster Preparedness, Public Safety and Infrastructure Bond proceeds, Construction Excise Tax revenue, VTA 2016 Measure B sales tax revenue, Vehicle Registration Fee (VRF) 2010 Measure B vehicle registration fee revenue, State Gas Tax revenue, including those from the recent passage of the Road Repair and Accountability Act (SB1 Beall), and federal grants.

The Measure T Bond funds will provide \$300 million for pavement maintenance on 388 miles of Local and Neighborhood streets in the worst condition over the next ten years. In addition, Senate Bill 1 (SB1) withstood a repeal effort on the November 2018 ballot ensuring that San José will continue to receive an estimated \$17.5 million in annual pavement maintenance funds. Lastly, with the California Supreme Court's recent dismissal of a lawsuit challenging the validity of VTA 2016 Measure B, the City will receive an estimated \$19 million in ongoing annual funding plus an estimated \$42.8 million in one-time, accumulated funding from the first two years of revenue since the measure initially passed. This one-time accumulated funding has been allocated to the summer 2019 pavement program, which will include pavement maintenance on Local and Neighborhood Streets for the first time in well over a decade.

The average annual funding level for pavement maintenance over the next 10 years is approximately \$87.2 million. With this level of funding, the City will be able to fully fund pothole repairs, program management activities, and provide significant maintenance on the Major Street Network and Local and Neighborhood Streets Network.

San José's street system consists of 2,434 miles of pavement and is rated overall in "Fair" condition with a Pavement Condition Index (PCI) rating of 66 on a scale of 0-100, with 100 being a new street. The City would need to invest \$102 million annually for 10 years to improve the City's streets into overall "Good" condition (PCI 70) and significantly reduce the \$539.1 million backlog of deferred pavement maintenance. With average ten-year funding levels estimated at approximately \$87.2 million per year, the City falls short of the total amount of needed funding by \$14.8 million annually. The current funding level, however, is a marked increase from 2015 estimates, which assumed annual levels of only \$13 million and will provide significant investment for local and neighborhood streets.

## **2019-2020 ADOPTED CAPITAL BUDGET**

### **2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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#### **CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

##### ***Traffic Capital Program (Cont'd.)***

###### *Transportation Safety and Multimodal Improvements*

The 2020-2024 Adopted CIP also includes investments targeted towards supporting the Vision Zero San José (VZSJ) transportation safety initiative, which was adopted by City Council in May 2015, by funding approximately \$118.1 million in traffic safety and multimodal improvements, including \$72.3 million for Complete Street, pedestrian, and bicycle facility projects. To the extent possible, the CIP prioritizes delivery of traffic safety projects on the Priority Safety Corridors identified in the VZSJ plan as having the highest incidence of traffic fatalities and severe injuries. Grants support a significant portion of the funding for these projects.

###### *Priority Transportation Plans and Policies*

The North San José Transportation Funding Plan (Plan), adopted in 2005, identifies traffic infrastructure investments of over \$200 million to facilitate future growth and development of North San José. These improvements were originally envisioned to be primarily funded from traffic impact fees levied on developers and contributions from the San Jose Redevelopment Agency (SJRA). The lowering of impact fees to entice commercial/job-oriented development into North San José and the loss of SJRA contributions have created a large traffic infrastructure funding gap and made plan implementation more reliant on local City revenues and regional grant funding. Approved as part of the Mayor's June Budget Message for Fiscal Year 2014-2015, Manager's Budget Addendum #8 described a new funding strategy, dedicating future Building and Structure Construction Tax revenues (estimated to exceed \$32 million as development proceeds) and future Business Cooperation Program revenues generated from new development in North San José to be held in reserve for North San José transportation projects. This strategy has resulted in the collection of \$5.0 million in Building and Structure Construction Tax allocated to the North San José New Development Reserve. In addition, the 2020-2024 Adopted CIP also includes a North San José Transportation Improvements Reserve of \$8.0 million, of which \$2.0 million may be allocated towards the cost of interchange improvements at US 101/Oakland Road and at US 101/Mabury Road, with remaining funding allocated in the future for other North San José transportation improvements.

The 2020-2024 Adopted CIP also includes the US 101/Oakland/Mabury New Development Reserve (\$3.0 million) in accordance with the Mayor's June Budget Message for Fiscal Year 2015-2016, and US 101/Oakland/Mabury Transportation Strategy (Manager's Budget Amendment #18), to set aside Building and Structure tax revenues generated from new development in the US 101/Oakland/Mabury area toward the cost of the interchange improvements at US 101/Oakland Road and at US 101/Mabury Road. It is anticipated that VTA 2016 Measure B grant funding will supplement, in a significant way, reserved Building and Structure Construction Tax revenue and traffic impact fees, for the future delivery of projects outlined in the North San José and US 101/Oakland/Mabury Transportation Funding Strategies.

**2019-2020 ADOPTED CAPITAL BUDGET**  
**2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

***Traffic Capital Program (Cont'd.)***

*Regional Transportation System*

The transformation and expansion of the regional transportation system, including the projects collectively described as the San José Regional Rail Transportation Projects, represent the largest public infrastructure investment in the history of San José. These projects will dramatically transform Downtown San José and provide integrated travel choices across the region and state. Effective planning and delivery of these projects over the next decade is essential to the economic and mobility needs of San José to support the growth anticipated in the Envision San José 2040 General Plan.

Individual elements of the regional transportation system are in various stages of conceptual planning, environmental clearance, pre-construction, and construction, including BART Phase II, California High Speed Rail, Airport People Mover, the expanded Diridon Transportation Center, Eastridge to BART Regional Connector (formerly Capitol Expressway Light Rail Extension), and Caltrain Modernization, in addition to numerous highway interchange and overcrossing improvements that support the City's Area Development Policies. Resources invested in the Traffic CIP cover essential activities to ensure the projects are planned, funded, and delivered in a way that aligns with the City's interests. Efforts have been made to advance some of the highway interchange improvement projects in anticipation of the release of the VTA 2016 Measure B grant funds. One of the projects, the Route 101 Blossom Hill Interchange project, is on track for construction to start early 2020. Additionally, the BART Phase I project, providing connectivity from Fremont into North San José, is expected to begin full service in late 2019, a date solely determined by BART testing activities.

The major projects in this CIP include:

- |  |   |
|--|---|
| <input type="checkbox"/> Pavement Maintenance (including Measure T funding)  | <input type="checkbox"/> Route 101/Blossom Hill Road Interchange    |
| <input type="checkbox"/> Measure T – Bridges                                 | <input type="checkbox"/> Senter Road Pedestrian Safety Improvements |
| <input type="checkbox"/> Measure T – LED Streetlight Conversion              | <input type="checkbox"/> White Road Pedestrian Safety Improvements  |
| <input type="checkbox"/> Better Bikeways Program                             |   |
| <input type="checkbox"/> East San José Pedestrian/Bike Transit Connection    |   |
| <input type="checkbox"/> McLaughlin Ave. Pedestrian/Bike Safety Enhancements |   |

## 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### Strategic Support CSA

The Strategic Support CSA includes the Communications, Municipal Improvements, and the Service Yards Capital Programs.

#### *Communications Capital Program*

The guiding objective of the Communications Capital Program is the provision of reliable and necessary public safety and non-public safety-related communications equipment for all City employees who need this equipment to perform their job duties. In addition, this Program funds capital improvements related to communications facilities including land and interests in land, buildings, structures, and radio and other equipment.



**ECOMM Antennae at Eagle Rock**

The Silicon Valley Regional Interoperability Authority (SVRIA) is a joint powers authority consisting of 19 member agencies, including the City of San José, whose mission is to identify, coordinate and implement communication interoperability solutions to its member agencies by integrating voice and data communications between law enforcement, fire and rescue services, emergency medical services, and emergency management for routine operations, critical incidents and disaster response and recovery. The Silicon Valley Regional Communications System (SVRCS), a multi-stage project coordinated by SVRIA, will replace the existing public safety radio systems currently in use in Santa Clara County with a system that uses the 700/800MHz spectrum, which allows for enhanced data transmissions, additional capacity for mutual aid scenarios, and the ability to record transmissions for training purposes. The additional transmission towers, repeater sites, and other infrastructure required to build out the SVRCS are anticipated to be complete by the summer of 2020.

The City entered a Memorandum of Understanding (MOU) with SVRIA, as approved by the City Council on June 16, 2015, for the City's proportionate share of the infrastructure buildout for the SVRCS project. The City's portion is now paid in full. Ten transmission sites have been completed in the central cell with an additional transmission site at Coyote Peak scheduled to come online in the fall of 2019. The City also purchased new radios and dispatch consoles so that the City can be fully operational on the new system.

In addition, over the five-year CIP, approximately \$2.5 million is included in the Silicon Valley Regional Communications System – Radios project to complete the necessary radio purchases. An additional 167 radios for the Police and Fire Departments will be purchased in 2019-2020 to improve operational efficiency and redundancy. By the end of 2018-2019, the City purchased a total of 2,800 portables and mobile radios to be ready for the summer 2020 go-live. The City also previously purchased 47 dispatch consoles for use at the Police and Fire Communications Center, which serves as the primary Public Safety Answering Point (PSAP) and the South San José Police Substation that serves as the secondary PSAP.

**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA**

***Communications Capital Program (Cont'd.)***

The major projects in this CIP include:

- Silicon Valley Regional Interoperability Authority
- Communications Maintenance
- Silicon Valley Regional Communications System - Radios

***Municipal Improvements Capital Program***

The Municipal Improvements Capital Program provides capital improvements and maintenance for City facilities and their operating systems that are not funded in other capital programs. This program includes \$62.0 million from the Measure T Bond Fund to support various Municipal Improvements projects, including environmental protection projects, light-emitting diode (LED) lighting at City facilities, and other priority critical infrastructure projects. An initial issuance of \$55.0 million is programmed in 2019-2020, with the remaining funding of \$7.0 million scheduled for issuance in 2021-2022 based on the timing of the projects.

This CIP also includes one-time funding of \$6.0 million from the General Fund to address several needs, the largest of which includes the Local Sales Tax - Police Administration Building/Police and Communications Building Phase I Elevator Modernization project (\$3.5 million), and various City Hall projects (\$1.6 million). To address capital needs at City-owned cultural and arts facilities, \$9.9 million from the General Fund is allocated in 2019-2020 for the Tech Museum (\$5.5 million), Hammer Theatre (\$1.3 million), Children's Discovery Museum (\$1.0 million), San José Stage Company (\$1.0 million), San José Museum of Art (\$394,000), History San José (\$283,000), Mexican Heritage Plaza (\$182,000), African American Community Services Agency Upgrades (\$252,000), and Miscellaneous Cultural Facility Repairs (\$179,000). A portion of this cost is offset by the use of the Cultural Facilities Capital Maintenance Reserve set aside for this purpose.

The Convention and Cultural Affairs Capital Fund and the Convention Center Facilities District Revenue Fund, supported by hotel taxes, provide funding of \$19.0 million in 2019-2020 and \$43.7 million over the CIP to address a variety of electrical, mechanical, structures, unanticipated, and miscellaneous rehabilitation and repair projects at the Convention Center and cultural facilities managed by Team San Jose.

The major projects in this CIP include:

- Measure T – Environmental Protection Projects
- Measure T – City Facilities LED Lighting
- Measure T – Critical Infrastructure
- Local Sales Tax - PAB/PAC Phase I Elevator Modernization
- City Hall Security Upgrades
- The Tech Museum Controls Module Improvements
- Convention Center HVAC Upgrades
- Convention Center Restroom Upgrades

## 2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM

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### CAPITAL PROGRAM OVERVIEW BY CITY SERVICE AREA

#### *Service Yards Capital Program*

The objective of the Service Yards Capital Program is to maintain and improve the existing conditions at the City's Service Yards by implementing projects to reduce safety hazards, increase efficiencies, and provide necessary equipment and materials for operations. While ongoing funding is allocated to address general capital improvement needs, the repayment of debt associated with the Central Service Yard Phase I and Phase II projects represents the largest use of funds in the 2020-2024 CIP. The Central Service Yard Phase I project included the purchase of the Central Service Yard property and renovation of Building A. In the 2020-2024 CIP, a total of \$8.3 million is budgeted for debt service on



**Fire Truck Maintenance at the Central Service Yard**

Phase I bonds. The Central Service Yard Phase II project entailed construction and relocation of remaining operations from the old Main Yard property that was completed in 2007-2008. The total cost for the Central Service Yard Phase II project was \$32.2 million, including demolition of the Main Yard. Proceeds from the sale of the Main Yard were used to partially pay the outstanding commercial paper used to fund Phase II. However, because the sale proceeds were insufficient to pay off the commercial paper, the 2020-2024 CIP includes commercial paper payments totaling \$3.7 million.

The 2020-2024 CIP also includes funding of \$2.5 million for the repairs, minor improvements, and roof replacement at the Central Service Yard, \$600,000 for the replacement of a sewer pipe at Mabury Yard, and \$450,000 for the construction of a new fueling island at the Central Service Yard to allow for more efficient vehicle deployment and reduced travel times.

The major projects in this CIP include:

- Roof Replacement, Painting, and Supplemental Needs
- Debt Service on Phase I Bonds and Phase II Commercial Paper
- Central Service Yard – HVAC Replacement
- Mabury Pavement Repair/Resurfacing
- Central Service Yard Fueling Island

**2019-2020 ADOPTED CAPITAL BUDGET  
2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**OTHER CAPITAL PROGRAM HIGHLIGHTS**

***Operating Budget Impacts***

This CIP continues to balance the delivery of capital programs with the limited resources available to operate and maintain existing and newly-constructed facilities. The Administration also pursues strategies to ensure the most cost effective operation of City facilities, including installing capital improvements that reduce costs, such as energy efficient lighting and traffic signals.

In March 2008, the City Council approved Budget Principle #8 that states capital improvement projects “shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire project, including operating and maintenance costs, will not require a decrease in existing basic neighborhood services.” In addition, all capital improvement projects with new General Fund operating and maintenance costs will be detailed in the Five-Year General Fund Forecast and included as part of the annual CIP. Several of the Measure T projects will incur significant operating and maintenance costs in the future, including the new fire stations and the Police Training Center. The annual operating and maintenance costs for Fire Station 37 (\$4.1 million), the Police Training Center (\$2.4 million), and the subsequent activation of the South San José Police Substation (\$3.0 million) will be brought forward for City Council certification as part of a future budget process, as these projects are expected to come online over the next five years. Annual costs for other Measure T projects will be brought forward as part of future budget processes once their scope has been refined.

The table below summarizes the additional annual resources required to operate and maintain new facilities coming on-line during the five-year CIP or planned by other agencies (such as developers).

<b>Projected Total New Operating and Maintenance Costs (Cumulative)</b>				
<b><u>Project Title</u></b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
Parks Facilities	\$743,000	\$ 1,110,000	\$ 1,410,000	\$ 1,598,000
Public Safety Facilities	2,685,000	7,380,000	9,661,000	9,951,000
Traffic Projects	75,000	117,000	148,000	170,000
<b>General Fund Total</b>	<b>\$ 3,503,000</b>	<b>\$ 8,607,000</b>	<b>\$ 11,219,000</b>	<b>\$ 11,719,000</b>
Water Pollution Control Plant (Special Fund)	1,283,000	2,214,000	10,238,000	14,633,000
<b>All Funds Total</b>	<b>\$ 4,786,000</b>	<b>\$ 10,821,000</b>	<b>\$ 21,457,000</b>	<b>\$ 26,352,000</b>

For the General Fund, these costs are estimated at \$3.5 million in 2020-2021 and are anticipated to increase to \$11.7 million by 2023-2024. These figures do not include the funding needed in 2019-2020 to operate and maintain new facilities as these amounts have been incorporated into the 2019-2020 Adopted Operating Budget. The Public Safety facilities include new Fire Station 37 and the Police Training Facility as well as the full activation of the Police Substation.

## **2019-2020 ADOPTED CAPITAL BUDGET 2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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### **OTHER CAPITAL PROGRAM HIGHLIGHTS**

#### ***Operating Budget Impacts (Cont'd.)***

In addition, the expanded infrastructure investment at the Water Pollution Control Plant will result in significant operating costs in the coming years. It is estimated that additional maintenance and operations costs will total \$1.3 million starting in 2020-2021, largely due to completion of large projects such as the Digester and Thickener Facilities Upgrade project. In 2023-2024, the additional operating costs at the Plant are expected to increase to \$14.6 million as the Digested Sludge Dewatering Facility is expected to come online and replace the existing sludge storage lagoons.

#### ***Art in Public Places***

Funding of the Public Art Program provides the City with iconic public art works at the Airport, Downtown, public safety, parks, and library facilities. A sample of projects funded through the public art allocation in the various Capital Programs can be found in the Art in Public Places section in the Appendix of this CIP. A total investment of \$4.1 million is programmed for eligible public art projects that span all capital programs in the 2020-2024 Adopted CIP. This figure does not include the \$4.5 million in public art expenditures for 2018-2019, nor does it include public art associated with Measure T projects. The allocation for Measure T public art will be applied once the scopes of eligible projects are more fully defined.

### **CONCLUSION**

With the Measure T Bond funds, the growth at the Airport and the significant improvements at the Plant, the City of San José's 2020-2024 Adopted CIP is at a record setting level of \$4.0 billion. The Adopted CIP represents the first step in the implementation of the public safety, transportation, and environmental protection projects authorized by Measure T, and reflects the City's continued focus on the rehabilitation and revitalization of existing infrastructure, making strategic investments impacting the entire community now and for years to come.

Projects delivered over the next five years will positively impact areas such as pavement maintenance, the appearance and reliability of parks and recreational facilities, the reliability and performance of the City's wastewater treatment facility, continued growth at the Airport, and reduction of pollutants within storm drains and creeks. The City will also continue to work with other agencies on major regional projects including BART Phase II, High Speed Rail, an expanded and redeveloped Diridon Station, Caltrain Modernization, and highway interchanges that will transform the City's transportation infrastructure.

Along with the increased level of capital investment comes the corresponding challenge of delivering such a robust and diverse program. A number of engineering, construction support, and program management positions are recommended as part of the 2019-2020 Adopted Operating Budget – funded by Measure T and other capital funds – that will help meet the Administration's commitment to timely deliver the recommended capital program.



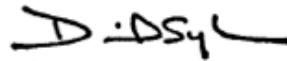
**2019-2020 ADOPTED CAPITAL BUDGET**  
**2020-2024 CAPITAL IMPROVEMENT PROGRAM**

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**CONCLUSION (Cont'd.)**

While the Adopted CIP addresses major infrastructure needs, a significant infrastructure maintenance backlog remains. The Administration will continue to target resources toward their most important need and seek all possible avenues to secure federal, State, and regional funding to supplement available City funding.

This capital improvement program has been developed to reflect the needs and priorities of the City Council, our residents, businesses, and visitors. Under the direction of the City Manager's Budget Office, the 2020-2024 Adopted CIP was developed in coordination with all the CSAs and City departments responsible for capital projects. I want to acknowledge and thank the many employees who made direct contributions to the analysis and production of this CIP and document.



David Sykes  
City Manager

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